

7 FAM 520

DEPARTMENT OF THE TREASURY

(CT:CON-407; 06-29-2012)
(Office of Origin: CA/OCS/L)

7 FAM 521 INTRODUCTION

(CT:CON-407; 06-29-2012)

- a. The Department of the Treasury is the financial agent for the U.S. Government and is responsible for the issuance of checks paid by Federal benefits-paying agencies to recipients domestically and abroad. Payments are disbursed from the Treasury's Regional Financial Centers (RFC).

Treasury Contacts Financial Management Service:
Telephone: 202-874-6932
Fax: 202-874-6543

- b. The Office of *Legal Affairs* (CA/OCS/L), Directorate of Overseas Citizens Services in the Bureau of Consular Affairs is the Department's liaison with the Department of the Treasury and other Federal benefits-paying agencies and consular posts abroad as well as with members of the public and Congress.
 - (1) **Federal Benefit Checks and Savings Bonds:** CA/OCS/L (CA-OCS-L-FederalBenefits@state.gov) provides guidance, disseminates information and implements new procedures regarding:
 - (a) The issuance and disbursement of federal benefits checks;
 - (b) Issues involving the U.S. savings bond program.
 - (2) **Internal Revenue Service:** CA/OCS/L provides guidance, disseminates information and implements new procedures regarding:
 - (a) Questions concerning the IRS tax assistance program;
 - (b) Questions concerning Individual Tax Payer Identification Numbers (ITINs).
 - (3) **Economic and Trade Sanctions:** CA/OCS/L coordinates with the Bureau of Economic, Energy and Business Affairs (EEB) regarding questions concerning the U.S. Department of the Treasury, Office of Foreign Assets Control (OFAC). OFAC Administers and enforces

economic and trade sanctions based on U.S. foreign policy and national security goals. OFAC also imposes controls on transactions and freezes foreign assets under U.S. jurisdiction.

- c. **CA/OCS/L** shares the administrative and managerial responsibilities with the Department of the Treasury and other Federal benefits-paying agencies for the Federal Benefits Programs abroad to ensure efficient and fraud-free payment of benefits.
- d. **Disasters**: In the event of a national disaster or crisis domestically or abroad, **CA/OCS/L** will immediately contact Federal benefits agencies to coordinate the most expeditious manner to disburse checks to posts. You will be advised of any new procedures as quickly as possible.
- e. **Treasury and IRS Forms and Publications**: Posts should stock IRS Income Tax forms for individuals in their consular district during tax filing season or refer individuals to the IRS Income Tax forms webpage.
- f. Every July IRS sends an Embassy Survey, EMR 100, to posts. This survey shows the forms ordered for the prior year and allows for an order for the current year. Completed surveys should be sent to:

Eastern Area Distribution Center 4300 Carolina Avenue Richmond, VA 23222 Or FAX: (804) 228-3939

7 FAM 522 AUTHORITIES

(CT:CON-293; 04-21-2009)

Legal authority regarding U.S. Treasury matters abroad is derived from:

- (1) Treaty authority:
 - (a) Vienna Convention on Consular Relations (VCCR), Article 5(e) "Helping and assisting nationals, both individuals and bodies corporate, of the sending State"; Article 5(f) "performing certain functions of an administrative nature, provided there is nothing contrary thereto in the laws and regulations of the receiving State" and Article 5(m) performing any other functions entrusted to a consular post by the sending State which are not prohibited by the laws and regulations of the receiving State or to which no objection is taken by the receiving State or which are referred to in the international agreements in force between the sending State and the

receiving State.”

- (b) Comparable provisions in bilateral consular conventions.
- (c) (See Treaties in Force and the treaties page on CAWeb.)
- (2) Statutory authority:
 - (a) 22 U.S.C. 3904(3) Functions of Service.
 - (b) 26 U.S.C. 7803(a)(2) Duties of the Commissioner of Internal Revenue.
 - (c) 31 U.S.C. 3328 Paying Checks and Drafts; P.L. 97-258.
 - (d) 31 U.S.C. 306 Fiscal Service.

7 FAM 523 ROLE OF THE CONSULAR OFFICER REGARDING U.S. TREASURY MATTERS ABROAD

(CT:CON-293; 04-21-2009)

- a. Federal law mandates entitlement to federal benefits. Each federal benefits-paying agency establishes policies and procedures under which the laws are administered. When policies and procedures are applied outside the United States, consular assistance is required.
- b. Consular officers are expected to act as an intermediary between the beneficiaries and benefits-paying federal agencies. For example:
 - (1) Expedite Treasury check delivery to payees;
 - (2) Notify paying agencies of nonreceipt of checks, change of address/status and other problems related to check issues;
 - (3) Advise beneficiaries of the various check receipt options, the need for current addresses, annual enforcement reports, and other related issues;
 - (4) Provide notarial service to individuals wanting to cash U.S. Savings Bonds; and
 - (5) Provide notarial service in connection with tax returns.

7 FAM 524 LIMITATIONS ON CONSULAR OFFICERS REGARDING U.S. TREASURY MATTERS AND DISCLOSURE OF INFORMATION (PRIVACY ACT)

(CT:CON-293; 04-21-2009)

- a. Information contained in a name-retrievable system of records concerning matters under the jurisdiction of the U.S. Treasury, e.g., direct deposit records, check payee personal identifiers, and personal tax information, may not be disclosed except:
 - (1) As expressly authorized by the Treasury Department;
 - (2) By written authorization by the individual who is the subject of the record;
 - (3) In accordance with the 12 exceptions to the conditions of disclosure in the Privacy Act, as amended (5 U.S.C. 552a(b)(1) - (12). 7 FAM 060 provides general guidance regarding the Privacy Act.
- b. Any unauthorized disclosure is subject to criminal penalties pursuant to 5 U.S.C. 552a (Privacy Act, as amended).

7 FAM 525 DEFINITIONS

(CT:CON-293; 04-21-2009)

Beneficiary. A person who is named to receive income from a trust fund, retirement or disability insurance policy or proceeds or accruing funds from Federal benefits.

Benefits-paying agency. A Federal agency which authorizes disbursement of Treasury funds to designated qualifying beneficiaries.

Benefit check. Payment of a benefit by a negotiable instrument drawn by the Treasury, as authorized by a benefits-paying agency, to an entitled beneficiary.

Check list. A Treasury computer listing showing the claim number, check number and the amount of each check sent in a bulk shipment to post or with an International Priority Airmail shipment.

Federal benefits. Benefits or assets available by application from Federal agencies to persons who establish their entitlement to such benefits.

Power of attorney. A legal instrument authorizing someone or some entity to act, for a specified purpose, as the agent or attorney of the grantor of the authority.

Transient list. A list of individuals who have advised you due to change of address, death, etc., that they would like you to hold or redirect their check for an interim period (not more than three months).

Treasury check. Preprinted order drawn on the United States Treasury directing a bank or other financial institution to pay the amount of money designated to the person named on the order.

Daily check. Checks issued at times other than the monthly cycle checks. They are one-time payments from agencies, e.g., replacement checks and initial payments when past months benefits are due.

Regular monthly checks. Recurring benefits paid on a monthly basis, e.g., pensions and compensation.

Replacement check. A Federal check to replace one previously issued, but not received, lost or expired and has a “replacement” designation on it.

7 FAM 526 HOW RECIPIENTS RECEIVE THEIR REGULAR BENEFIT CHECKS

(CT:CON-407; 06-29-2012)

- a. There are four methods of distribution of federal benefits checks to beneficiaries abroad.
- b. Direct Deposit Electronic Funds Transfer and International Direct Deposit:
 - (1) Most benefits-paying agencies allow beneficiaries outside the United States to have direct deposit, i.e., electronic funds transfer (EFT) of an individual’s benefit payment into his/her checking, share draft or savings accounts at a financial institution in the U.S. With U.S. direct deposit, some beneficiaries arrange regular transfers to their foreign accounts. Some benefits-paying agencies also allow beneficiaries the choice of International Direct Deposit (IDD).
 - (2) IDD is initiated and authorized by the benefits-paying agency in conjunction with the Federal Reserve and the host country. Not all foreign countries have IDD because their financial institutions cannot technically accommodate the transfer of money or there are not enough beneficiaries for the benefits-paying agency to set up IDD. (See International Treasury Services (ITS).) The benefit payment recipient enrolls with their paying Federal agency (i.e. Social Security Administration, Office of Personnel Management) for International Direct Deposit. Once enrolled, the recipient will begin receiving direct deposit payments in their foreign account in the specified currency on the designated payment date.
 - (3) Your Regional Federal Benefits Officer (RFBO) or the paying agency can advise consular officers whether or not IDD is available at your post at the present time.
 - (4) If direct deposit is an option:
 - (a) For U.S. direct deposit, the payee must complete Sections 1 and 2 of Standard Form 1199A “Direct Deposit Sign-up Form”
 - (b) For IDD, the payee must use the agency’s adaptation of the

Form SF-1199-A for that country.

- (c) The payee sends the form to the financial institution, which verifies the information and completes Section 3. The financial institution then returns the completed form to the government agency indicated in Section 2 (for U.S. direct deposit) or the payee (for IDD). The payee must send the IDD form to the address on the form.

NOTE ...

It is important to ask payees if they were having direct deposits made to U.S. accounts and if so, did they close that account?

If they closed the account, the financial institution will return the deposit to Treasury, and the paying agency will suspend benefits awaiting a current address or other information about the payee's status.

If they did not close the account, the payments will continue going to that account and it is then up to the payee to contact the financial institution and retrieve the money.

Even though benefit payments are being made by IDD, you should emphasize to the payees that they must report their address of residence to the paying agency or risk a suspension of their benefits.

c. International Priority Airmail (IPA):

- (1) Treasury's Regional Financial Centers are responsible for disbursing the regular recurring benefit checks to posts. IPA is a viable option for the Treasury Department to mail checks directly to the individual if the host country has a reliable postal system.
- (2) Checks sent via IPA are sent by airmail to a designated postal facility in the foreign country. They are then placed in the local mail system and delivered directly to the recipient's address on record.
- (3) A check list addressed to the post will be mailed in the same shipment with the checks, and will serve as an indicator that the checks arrived in the country.

NOTE ...

It is important that payees be reminded to advise the post of any changes in their address to avoid misdirected payments. (See 7 FAM 526.)

You are responsible for advising [CA/OCS/L](#) and Treasury of

any changes in the reliability of the postal system at your post so procedures for mailing checks to your post may be changed as appropriate.

d. **State Department Diplomatic Pouch:**

- (1) When posts do not have reliable postal systems, the Treasury Regional Financial Centers (RFC) send checks in bulk shipment to the Department's Diplomatic Pouch Facility.
- (2) The checks are then dispatched to posts via the first available **registered** pouch for recipients in those locales.
- (3) Normally checks arrive at posts between the 5th and 10th of the month. A checklist showing the claim number, check number and the amount of each check is enclosed.
- (4) **The Consular Officer will:**
 - (a) Date-stamp the list when the checks are received and when mailed to recipients;
 - (b) Remove any checks for individuals on the transient list who requested temporary special handling (forwarding to another address), and redirect the check. In the event of a death, return the check to the issuing Treasury Regional Financial Center. Annotate the check list indicating any special handling of specific checks.
 - (c) Checks should be redirected as soon as possible or safely locked up until disbursed or returned. **Do not hold more than two checks per individual and not longer than 60 days.**
 - (d) If the post has determined that the local mail system is reliable, mail checks to individuals on the date of the check or as soon after as possible and indicate date of mailing on the list. Checks should be sent first-class not registered mail because it is usually slower. (Treasury reimburses the Department for postage fees – consult with your Financial Management Officer regarding the post's procedures.)
 - (e) Payee must provide photo identification and sign for receipt of his/her check, when a check is picked up at post.
 - (f) Checks returned to the issuing Treasury's Regional Financial Centers should be coded with the reason for return. (See 7 FAM Exhibit 520A - list of codes.) The paying agency should also be advised. This can be done by relaying the information to CA/OCS/L (CA-OCS-L-FederalBenefits@state.gov) or through your Regional Federal Benefits Officer (RFBO).

- (g) Stamp undeliverable/unclaimed checks "Not Negotiable" and return them to the issuing Regional Financial Center.
- (h) Discourage allowing a third party to pick up a check. (Third party must have a power of attorney or comparable authorization from payee.) If health is an issue for the payee, suggest the possibility of a representative payee. (See specific paying agency subchapter in 7 FAM 500 for procedures.)
- (i) Make sure the local post office is returning **undeliverable** checks to the Treasury Department or to the post. The latter may be necessary when the local post office annotations are not in the Latin alphabet.
- (j) Report any nonreceipt of checks shown on the list to the paying agency and inquire as to the reason for the delayed payment. Intended recipients should:
 - Verify their current mailing address;
 - Provide details of any recent communication with the paying agency about payment interruption;
 - Be reminded of the necessity for completing annual enforcement reports to VA and SSA, the **failure of which may result in the suspension of benefits**.
- (k) If you wish to have checks delivered to post/payee in a different manner from the present practice (e.g., to change from Pouch to International Priority Airmail (IPA) or International Direct Deposit (IDD)), contact **CA/OCS/L** for assistance.
- (l) **U.S. Treasury checks should never be photocopied in their entirety.** You may photocopy the window address portion only. You should not open checks unless you are returning them to the paying agency and have to stamp it "Not Negotiable."

7 FAM 527 HOW TO REPORT MISSING OR MISDIRECTED CHECKS

7 FAM 527.1 Bulk Shipments

(CT:CON-407; 06-29-2012)

- a. When you have not received an expected shipment of checks by the 10th of the month (or the date you usually receive them), and you have not

been informed that delivery would be delayed, **initiate bulk loss procedures immediately**. Do not initiate loss procedures before the 10th of the month or your usual date of receipt.

- b. Advise the Regional Federal Benefits Officer (RFBO).
- c. Notify **CA/OCS/L** indicating the type of payment; and if a partial shipment has been received, the beginning and ending check numbers.
- d. Appropriate inquiries should be made with the local postal authorities as well as the post's mailroom to ensure that the shipment hasn't been misplaced.
- e. If the original shipment arrives after notification that replacement checks have been issued, you should distribute whichever set is received first. The checks (originals or replacements) not distributed should be stamped "**Not Negotiable**" and returned promptly to the issuing Treasury Regional Financial Centers.

NOTE ...

Treasury cannot re-issue checks without authorization from the agency that authorized the initial payment. Replacement checks will be re-issued as soon as the paying agency submits the tape of non-received payments to the appropriate Treasury Regional Financial Centers

- f. If you receive a **misdirected shipment** designated for another post, alert that post immediately and advise the paying agency, the Regional Financial Center and **CA/OCS/L**. The telegram should include the date of receipt of the checks, date of reshipment to the correct post, the paying agency and the number and date of the checks, as shown on the check list.
- g. Forward the shipment to the proper post by the most efficient and reliable means possible or by specific instructions from the paying agency or **CA/OCS/L**.
- h. If the shipment were sent to you incorrectly because of a pouching error, the telegram subject line should be "**IMPROPERLY POUCHED TREASURY CHECKS**," and if incorrectly labeled, "**IMPROPERLY LABELED TREASURY CHECKS**." When the labeling is wrong, send the label and a copy of the telegram to the issuing Regional Financial Center.

7 FAM 527.2 Individual Payee Checks

(CT:CON-293; 04-21-2009)

- a. The process for reporting nonreceipt of checks issued by the U.S. Treasury is established by the Department of the Treasury and requires

that you **immediately report the nonreceipt of a check to the paying agency (SSA, VA, OPM, RRB)**. Indicate any special hardship or urgency involved. The paying agency must verify to Treasury that the missing payments are actually due.

- b. Some claims-taking posts can make inquiries directly to the paying agency database.
- c. Encourage payees to sign-up for Direct Deposit if it is available at your post to avoid missing checks.

7 FAM 527.3 What Must be Reported?

(CT:CON-293; 04-21-2009)

- a. When you report a missing check to the paying agency include the following information:
 - (1) Name of the payee (beneficiary/claimant);
 - (2) Paying agency claim number or Social Security number of payee including prefixes and suffixes;
 - (3) Date of the check (e.g. January 1, 2007);
 - (4) Type of benefit (pension, compensation, education, etc.) if known;
 - (5) Any recent correspondence from the paying agency;
 - (6) Current mailing address of payee and recent change of address report, if appropriate.
- b. Also see subchapter in 7 FAM 500 for each paying agency for specific reporting requirements for checks not received.

7 FAM 527.4 What if the Check has been Endorsed and/or Negotiated?

(CT:CON-293; 04-21-2009)

- a. If Treasury determines that the **missing check was actually negotiated**, Treasury will send the payee an image of the check and a claims package, which includes the form FMS-1133 Claim Form. If the payee agrees that he/she did in fact sign the check, no further action is necessary.
- b. If the payee alleges he/she did not endorse the check and **forgery is alleged**, the payee must complete the form FMS-1133 Claim Form and return it to the address provided. Upon receipt of the claim form, Treasury will adjudicate the claim. If forgery is determined, a settlement check is authorized to the payee or a transfer is authorized to the agency.

- c. If the **check is lost (endorsed or not endorsed)**, and is not negotiated within one year of the issue date, the check is canceled and the funds returned to the issuing agency.
- d. If the **payee allows a third party to receive and/or negotiate his/her check**, Treasury will not take any action. The individual must look to the third party for restitution.

7 FAM 527.5 What if the Check has been Lost, Damaged or Misdirected?

(CT:CON-407; 06-29-2012)

- a. If a check has been lost or damaged, so that it is not negotiable, treat it as a nonreceipt of check and indicate that it was lost or was damaged and not negotiable.
- b. If the original check is located after a replacement request has been made, the payee may cash whichever one is available and you should stamp the other "Not Negotiable," code it and return it to the issuing Treasury Regional Financial Center. Return damaged checks to the issuing Treasury Regional Financial Center.
- c. If the check were misdirected because of an incorrect geographic consular code, you should immediately forward the check to the correct post. Send telegraphic notification to the receiving post, the paying agency, and **CA/OCS/L** so the code can be corrected.

7 FAM 527.6 How To Return Checks To The Department Of The Treasury

(CT:CON-293; 04-21-2009)

- a. Send any checks that have to be returned to the Department of the Treasury to the issuing Treasury Regional Financial Center whose address is on the check envelope. Do not return checks to the paying agency. Annotate checks with the "reason for return" code for the specific paying agency in the lower left-hand corner (see 7 FAM Exhibit 520A for codes). Be certain to determine the correct paying agency as indicated on the check because assigning the wrong code could suspend the payee's benefits.
- b. Also stamp the checks **"Not Negotiable"** below the last line of the address and above the solid MICR line at the bottom before you return them to the Treasury Regional Financial Center.

7 FAM 527.7 Change Of Payee Address/Status

(CT:CON-293; 04-21-2009)

- a. Beneficiaries, claimants and/or survivors must advise the paying agency, often through your post, of a change of name, address, marriage, divorce, employment, death, or any other change in status that affects the entitlement, suspension, delivery or nondelivery of a Federal benefit.
- b. Consular Officers should advise the individual of the specific benefits paying agency requirements for change of status notification and assist when necessary by providing forms and information.
- c. What must be reported:
 - (1) Name of the payee (beneficiary/claimant);
 - (2) Benefits paying agency claim number or Social Security number of payee including prefixes and suffixes;
 - (3) Event causing the change of status and date of the particular change;
 - (4) Type of benefit (pension, compensation, education, etc.); and
 - (5) Current mailing address of payee.
- d. **Post Notification of Paying Agency:** Notify the paying agency of the change: Notification may be by direct input for SSA if your post is authorized to do so, or by telegram, e-mail or FAX for other agencies. Separate notification should be made for each individual.
- e. Return checks to the RFC in cases of death of a payee.
- f. **Redirect checks received to the new address.** If the paying agency has not changed the address in three months, send a follow-up notification to the paying agency.

7 FAM 527.8 Power of Attorney

(CT:CON-293; 04-21-2009)

- a. Power of attorney forms are used to authorize negotiation of Treasury checks by an entity other than the inscribed payee. The Department does not draft or provide language for legal instruments such as Powers of Attorney; instead, you should advise individuals that there are several legal forms web sites that have forms available for a nominal fee.
- b. Some paying agencies, e.g., SSA, only accept Form SF-233 Power of Attorney to a Financial Institution. If a power of attorney other than Form SF-233 is submitted, contact your RFBO or the paying agency for guidance before releasing the check(s).
- c. **Form SF-233:** Use this form when the beneficiary is not in an IDD country and does not find it convenient to use U.S. direct deposit.

Checks received by diplomatic pouch will be redirected by the post to the addressee, which in this case will be the financial institution of the payee's account. The problem with using Form SF-233 is that other notices for the beneficiary are also sent to the financial institution and if they do not forward them to the individual, payments could become suspended, for example due to nonreceipt of foreign enforcement questionnaires.

7 FAM 528 U.S. SAVINGS BONDS AND TREASURY NOTES

(CT:CON-293; 04-21-2009)

- a. As part of the Treasury Department, the Bureau of Public Debt (BPD) borrows money needed to operate the Federal Government. It accomplishes its mission of administering the public debt by issuing and servicing U.S. Treasury marketable, savings and special securities.
- b. **How do Owners Cash Savings Bonds When Living Abroad?:**
 - (1) When Banking Facilities Incorporated in the U.S., the Territories or Possessions of the U.S. or the Commonwealth of Puerto Rico are Available: Normally, banks in foreign countries are not authorized to redeem U.S. Savings Bonds. However, if the owner is a U.S. citizen, he/she can redeem the bonds in a foreign country at any banking facility of a bank that is incorporated in the United States, the territories or possessions of the U.S., or the Commonwealth of Puerto Rico.
 - (2) When Banking Facilities Incorporated in the U.S., the Territories or Possessions of the U.S. or the Commonwealth of Puerto Rico Aren't Available: If such a facility is not available at your post or the individual is not a U.S. citizen, then the following procedures must be followed:
 - (a) The request for payment must be signed in the presence of (and certified by) an official authorized to certify the request. This includes any U.S. diplomatic or consular representative or any officer of a foreign branch of a bank or trust company incorporated in the United States, the territories or possessions of the United States, or the Commonwealth of Puerto Rico.
 - (b) If none of these is available, the request may be signed in the presence of (and certified by) a notary public or other officer authorized to administer oaths. When the certification is executed in a country that is party to the 1961 **Hague**

Convention Abolishing the Requirement for Legalization of Foreign Public Documents (see 7 FAM 876), the official

character and jurisdiction of the certifying official must be authenticated by either an apostille or a U.S. diplomatic or consular representative. For certifications performed in countries not party to the Hague Convention, the individual's official character and jurisdiction must be attested by a U.S. diplomatic or consular representative.

- (c) Requests may also be certified by any commissioned officer or warrant officer of the Armed Forces of the United States, but only for members of the respective services, their families, and civilian employees at posts, bases, or stations. The certifying officer must indicate his/her rank and state that the individual signing the request is one of the class whose request the certifying officer is authorized to certify.
- (e) A U.S. citizen must provide a statement over his/her signature stating he/she is a U.S. citizen and providing his/her Social Security number.
- (f) A non-U.S. citizen must complete and sign form IRS-W-8BEN Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding.
- (g) Send the bond and the required statement/form to:

The Federal Reserve Bank of Buffalo
P. O. Box 961
Buffalo, NY 14240-0961
or

The Bureau of the Public Debt
P. O. Box 1328
Parkersburg, WV 26106-1328

Contact information is also available on
the Bureau of the Public Debt Internet page.

- (3) What is the Role of the Consular Officer when a Bond/Note Owner Presents a Bond/Note for Certification?
 - (a) A consular officer may not certify a bond/note on which you are named as owner or co-owner;
 - (b) Verify the identity of the presenter as owner/co-owner (e.g., current passport, military identification card);
 - (c) Print on the back of the bond/note identifying information (e.g., passport number, date and place issued);

- (d) Observe the signing of the bond/note by presenter, ensure signature is the same as it appears on the face of the security and complete the certification section on the instrument;
- (d) Sign and seal the instrument after all the requirements have been met and give the owner a no-fee receipt for the notariats provided (see the Schedule of fees for Consular Services, 22 CFR 22.1); and
- (e) Inform the presenter to mail his/her securities directly to the following address. Also, suggest that he/she make a record of the bond numbers in case they are lost in the mail.

C. Additional information about U.S. Savings Bonds is available on the Bureau of the Public Debt Internet page.

See ...

Treasury Direct Savings Bonds
Treasury Securities and Programs

7 FAM 529 INTERNAL REVENUE SERVICE

(CT:CON-293; 04-21-2009)

- a. **Authority:** 26 U.S.C. 7803(a)(2)(A) provides that the Commissioner of Internal Revenue shall have such duties and powers as the Secretary of the Treasury may prescribe, including the power to administer, manage, conduct, direct, and supervise the execution and application of the internal revenue laws or related statutes and tax conventions to which the United States is a party.
- b. Liability to U.S. Taxes:
 - (1) **Income Tax:** In general, all citizens of the United States, wherever resident, and all resident alien individuals are liable to the income tax imposed by the Internal Revenue Code of the United States whether the income is received from sources within or outside the United States. A person whose U.S. citizenship is restored, after a previous holding that it had been lost, immediately becomes liable for U.S. income tax on his/her worldwide income. A nonresident alien is liable to the tax imposed by the Internal Revenue Code on income received from sources within the United States, and, under certain conditions, on income received from sources outside the United States.
 - (2) **Estate Tax:** A Federal estate tax is imposed upon the transfer of the entire taxable estate of a U.S. citizen decedent wherever

resident at the time of death, and upon certain U.S. property held by nonresident aliens. Internal Revenue Form 706 United States Estate Tax Return (form IRS-706), for the year in which the decedent died, will supply return requirements and other information for estates of U.S. citizens or noncitizens domiciled in the United States. Form 706NA United States Estate Tax Return and Instructions should be used for estates of nonresident aliens.

- (3) **Gift Tax:** The Gift Tax applies to all transfers by gifts within a calendar year to any donee of property valued in excess of \$11,000 (\$11,000 is the "annual exclusion" for each donee applicable unless the gift is of a future interest in property). Transfers of any property anywhere in the world are subject to the gift tax when the donor is a U.S. citizen or noncitizen domiciled in the U.S. Transfers of U.S. tangible property and U.S. realty are subject to gift tax when the donor is a nonresident alien. Some deductions may be applicable. Internal Revenue Form 709 Gift Tax Return (form IRS-709) and Instructions may be reviewed for additional information. The first \$1 million of taxable gifts by a donor who is a U.S. citizen or noncitizen domiciled in the U.S. will not generate any actual gift tax being payable. There is an exemption of \$1 million that applies first to lifetime gifts and then to property held at death by a U.S. citizen or noncitizen domiciled in the U.S. Nonresident alien donors do not qualify for the \$1 million lifetime exemption.

7 FAM 529.2 Inquiries and Services

7 FAM 529.2-1 Notarial Services

(CT:CON-293; 04-21-2009)

- a. 22 CFR 92.75 authorizes officers of the Foreign Service to perform notarial services in connection with tax returns.
- b. 22 CFR 92.75 states specifically that officers should not give advice on the preparation of tax returns.
- c. No attempt is to be made by Foreign Service personnel to answer specific tax questions, e.g., regarding deductions or exemptions or the requirement for certain forms.
- d. **Taxation and Loss of Nationality:** 7 FAM 1243 provides guidance about Department of State inter-agency liaison with the IRS regarding loss of nationality. U.S. citizens and U.S. noncitizen nationals who lose nationality, and legal permanent resident aliens who turn in/abandon their green cards must file a new Form IRS-8854, Initial and Annual Expatriation Information Statement. Form IRS-8854 must be filed

directly with the IRS Philadelphia Service Center rather than with a U.S. embassy or consulate. Questions about expatriation and taxation should be directed to the Internal Revenue Service (IRS) or the IRS web site.

Consular officers are not in a position to provide any advice or answer questions concerning these changes.

7 FAM 529.2-2 IRS Tax Attachés Assigned Abroad

(CT:CON-293; 04-21-2009)

- a. The IRS attachés listed below can answer Federal income tax questions, help with account and refund problems, and assist with the preparation of current and prior year tax returns.
- b. Taxpayers located outside the U.S. may also contact the IRS by mail at:

Internal Revenue Service
P.O. Box 920
Bensalem, PA 19020

**Or they may telephone or FAX the
Philadelphia Service Center office at:**

Tel: 215-516-2000 (not toll-free)
FAX: 215-516-2555

- c. IRS Tax Attachés Areas of Assignment are listed on the IRS Internet page under Overseas (IRS) Posts.

7 FAM 529.2-3 Previously Filed Returns

(CT:CON-293; 04-21-2009)

- a. Individuals inquiring about previously filed returns should be instructed to write to the Internal Revenue Service Center where the return was filed, unless the taxpayer has been directed to write to another specific office.
- b. Nonresident aliens should be instructed to write to:

Director
Internal Revenue Service Center
11601 Roosevelt Boulevard
Philadelphia PA 19155

7 FAM 529.3 Individual Taxpayer Identification Number (ITIN)

(CT:CON-293; 04-21-2009)

- a. 7 FAM 882 provides guidance about consular notarial services and applications for ITINs.
- b. The ITIN is a unique and permanent taxpayer identification number, similar to a social security number, issued to a resident or non-resident alien who has a U.S. tax filing requirement, but who cannot obtain a social security number. The ITIN, a nine digit number beginning with the number 9, is for tax use only and should be entered whenever an SSN is required on a tax return. It does not entitle an individual to social security benefits or change one's employment or immigration status under U.S. law.
- c. ITINs are issued to nonresident or resident aliens who do not have and are not eligible to get a Social Security number. ITIN issuance includes, but is not limited to:
 - (1) Nonresident aliens required to file U.S. tax returns;
 - (2) Nonresident alien dependents of U.S. taxpayers (including residents of Canada, Japan, Mexico, and South Korea);
 - (3) Nonresident alien spouses of U.S. taxpayers who elect to file joint tax returns.
- d. **All other inquiries** should be addressed to:

Internal Revenue Service PSC ITIN UNIT P.O. Box 447 Bensalem, PA 19020

7 FAM EXHIBIT 520(A)

U.S. DEPARTMENT OF THE TREASURY

REASON-FOR-RETURN-CODES FOR FEDERAL

BENEFITS CHECKS

(CT:CON-293; 04-21-2009)

Benefits- Paying Agency	Check Legend	Reason for Return Codes
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SSA	SOC SEC for (MONTH) SOC SEC INS MINERS BEN	Address Reasons ----- AD Miscellaneous----- MS Death of Payee----- DT Death of Representative Payee DR
IRS	TAX REF	Address Reasons ----- 2 Other----- 3
VA	(Check Legends Begin with VA)	Undeliverable----- 1 Remarriage----- 2 Death of Beneficiary----- 3 Returned by Payee Office at VA Request----- 5 Other----- 6
OPM SUBSTITUTE CHECKS MISCELLANEOUS CHECKS	CSA Annuity CSF Annuity	Address Reasons ----- 2 Remarriage----- 4 Death of Beneficiary----- 3 Working----- 7 Other----- 10 With Correspondence----- 11 Death of Representative Payee-14 (OPM only)
PUBLIC DEBT INTEREST ON SERIES h BONDS	SERIES H INT	Death----- D All others (No code--return checks with correspondence)